

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other				Local Unit Name DECKERVILLE PUBLIC LIBRARY		County SANILAC	
Fiscal Year End 3-31-06		Opinion Date 5-15-06		Date Audit Report Submitted to State 6/6/06			

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input type="checkbox"/>	N/A	
Other (Describe)		<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) ANDERSON, TUCKER, BERNHARDT & MORAN PC			Telephone Number 989-673-3137	
Street Address 715 E FRANK ST			City CARO	State MI
			Zip 48723	
Authorizing CPA Signature Gary R. Anderson		Printed Name GARY R. ANDERSON		License Number 1101005446

DECKERVILLE PUBLIC LIBRARY

Deckerville, Michigan

Report on Financial Statements

March 31, 2006

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May 15, 2006

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Deckerville Public Library
Deckerville, MI 48427

Dear Board Members:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the **Deckerville Public Library**, Deckerville, Michigan, as of and for the year ended March 31, 2006 which collectively comprise the Library's basic financial statements required by accounting principles generally accepted in the United States of America.. These financial statements are the responsibility of the Deckerville Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Management has not presented government-wide financial statements to display the financial position and changes in the financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for Deckerville Library's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the **Deckerville Public Library** as of March 31, 2006 or changes in its financial position or cash flows where applicable, for the year then ended.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of **Deckerville Public Library**, Deckerville, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

GENERAL PURPOSE FINANCIAL STATEMENTS

DECKERVILLE PUBLIC LIBRARY

Balance Sheet
March 31, 2006

ASSETS

Cash - Checking	\$ 88
Cash - Savings	39,718
Certificates of deposit	<u>38,036</u>
TOTAL ASSETS	<u>\$ 77,842</u>

LIABILITIES AND FUND EQUITY

Liabilities:	<u> </u>
Fund Equity	<u>\$ 77,842</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 77,842</u>

The accompanying notes are an integral part of the financial statements.

DECKERVILLE PUBLIC LIBRARY

Statement of Revenues, Expenditures, And Changes In Fund Balance For The Year Ended March 31, 2006

REVENUES:

Property taxes	\$ 31,753
State Aid	2,157
Services	826
Interest	1,425
Penal Fines	20,627
Donations	1,232
Miscellaneous	902
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TOTAL REVENUES

58,922

EXPENDITURES:

Salaries and employee benefits	29,380
Library materials	14,314
Operational	13,547
Capital outlay	-
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TOTAL EXPENDITURES

57,241

EXCESS OF REVENUE OVER (UNDER) EXPENDITURES

1,681

FUND BALANCE - APRIL 1

76,161

FUND BALANCE - MARCH 31

\$ 77,842

The accompanying notes are an integral part of the financial statements.

DECKERVILLE PUBLIC LIBRARY

Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund March 31, 2006

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:			
Property taxes	\$ 28,400	\$ 31,753	\$ 3,353
State aid	4,300	2,157	(2,143)
Services	1,000	826	(174)
Interest	500	1,425	925
Fines	21,150	20,627	(523)
Donations	1,300	1,232	(68)
Miscellaneous	1,350	902	(448)
TOTAL REVENUES	58,000	58,922	922
EXPENDITURES:			
Salaries and employee benefits	29,600	29,380	220
Library materials	13,750	14,314	(564)
Operational	14,650	13,547	1,103
Capital outlay	-	-	-
TOTAL EXPENDITURES	58,000	57,241	759
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,681	1,681
FUND BALANCE - APRIL 1	76,161	76,161	-
FUND BALANCE - MARCH 31	\$ 76,161	\$ 77,842	\$ 1,681

The accompanying notes are an integral part of the financial statements.

DECKERVILLE PUBLIC LIBRARY
Notes To The Financial Statements
For The Year Ended March 31, 2006

NOTE 1 - DESCRIPTION OF DISTRICT LIBRARY OPERATIONS:

The Deckerville Public Library is located in the Village of Deckerville, Michigan. The Deckerville Library was organized on July 29, 1924. The Library is under the supervision and control of the Library Board.

REPORTING ENTITY:

The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in U.S. generally accepted accounting principles. The basic – but not the only – criteria for including an agency, institution, authority, or other organization in the governmental unit's reporting entity is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to; the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. Based on these criteria the reporting unit includes only the operations of the Deckerville Public Library.

The Deckerville Public Library was not included in the Village of Deckerville's reporting entity. This potential component unit has a separate elected and/or appointed board and provides services to residents generally within the village boundaries. The library was excluded from the Village's reporting entity because the Village does not have the ability to exercise influence or control over the library's daily operations, approve budgets or provide funding.

The accounting policies of the Deckerville Public Library conform to the U.S. generally accepted accounting principles as applicable to local units of government, except for GASB 34 as noted in note 8. The following is a summary of the more significant policies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The financial statements have been prepared in the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Taxpayer assessed income, gross receipts, and sales taxes are considered measurable when in the hands of the fiscal intermediary and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) inventories of materials and supplies which are considered expenditures either when purchased or used; (2) accumulated unpaid vacation, sick pay, and other amounts are not accrued; and (3) principal and interest on general long-term debt is recognized when due.

FUND ACCOUNTING:

The accounts of the Library are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The general fund is the general operating fund of the Library. It is used to account for all financial resources except those which are required to be accounted for in another fund. Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes. Fixed assets used in general operations are accounted for in the general fixed assets account group. Long-term liabilities expected to be financed from the general fund are accounted for in the general long-term debt account group. The two account groups are not funds. The account groups are only concerned with the measurement of financial position. The account groups are not involved with the measurement of results of operations.

DECKERVILLE PUBLIC LIBRARY
Notes To The Financial Statements
For The Year Ended March 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGET PROCESS:

The Library Board follows these procedures in establishing the budget data reflected in the financial statements:

1. Prior to April 1, the Library Board develops a proposed operating budget for the fiscal year beginning April 1. The operating budget includes the proposed expenditures and the means for financing these expenditures.
2. Public hearings are held to obtain resident-taxpayer comments.
3. The annual operating budget for the Library is adopted at the meeting held in March each year.
4. The Library Board, at its public meetings held throughout the year, amends the operating budget to meet the changing needs of the Library as they occur. The adopted budget is on a functional category basis.

USE OF ESTIMATES:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ENCUMBRANCES:

Encumbrances are defined as commitments related to unperformed contracts for goods and services. The Library does not record encumbrances in the normal course of operating its accounting system and none are recorded in the accompanying financial statements.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

Section 18 (1), Act 621, P.A. 1978, as amended, provides that a local government shall not incur expenditures in excess of the amount appropriated. The Library did not have any PA 621 violations.

In the body of the financial statements, the Library's actual and budgeted expenditures have been shown on a functional category basis. The approved budget is on a functional category basis.

NOTE 3 - PROPERTY AND EQUIPMENT:

FIXED ASSETS:

Fixed assets are recognized as expenditures of the general fund and at the same time become additions to the general fixed assets account group. No provision for depreciation is recognized in the fund or account group. All fixed assets are valued at historical cost or appraised value, if historical cost is not available.

In October 1945, the Deckerville Public Library donated all its assets including the building, books, office furniture and fixtures, office equipment, and all other related assets to the Village of Deckerville. The library does not have a general fixed assets account group.

DECKERVILLE PUBLIC LIBRARY
Notes To The Financial Statements
For The Year Ended March 31, 2006

NOTE 4 - PENAL FINES:

One of the Library's main sources of revenue is penal fines from Sanilac County. Sanilac County makes payments on an annual basis to the Library for their share of the penal fines collected by the County.

NOTE 5 - DEPOSITS:

Deposits are carried at cost. Deposits of Deckerville Public Library are at a bank in the name of Deckerville Public Library.

The Governmental Accounting Standards Board Statements No. 3 risk disclosures for the General Fund cash deposits are as follows:

GENERAL FUND CARRYING AMOUNT

Cash	<u>\$77,842</u>
TOTAL	<u>\$77,842</u>

At year-end, the carrying amount of the Library's deposits was \$77,842 and the bank balances was \$78,473 all of which was covered by federal depository insurance. The Library does not have any investments. Therefore, additional disclosures required by GASB 40 are not included in the accompanying financial statements.

NOTE 6 - RISK MANAGEMENT:

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Library carries commercial insurance to cover any losses that may result from the above-described activities.

NOTE 7 – PENSION PLAN:

The Library has no pension plan.

NOTE 8 - GASB 34:

The Library chose not to adopt GASB 34, which is required by Generally Accepted Accounting Principle (GAAP). This departure from GAAP is also noted in the audit report letter.

SUPPORTING SCHEDULES

DECKERVILLE PUBLIC LIBRARY

Schedule of Revenues Year Ended March 31, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Property taxes	\$ 28,400	\$ 31,753	\$ 3,353
State Aid	4,300	2,157	(2,143)
Services	1,000	826	(174)
Interest	500	1,425	925
Fines:			
Library fines	650	383	(267)
Penal fines	20,500	20,244	(256)
Total Fines	21,150	20,627	(523)
Donations	1,300	1,232	(68)
Miscellaneous:			
Book sales	500	594	94
Miscellaneous	850	308	(542)
Building fund	-	-	-
Total Miscellaneous	1,350	902	(448)
TOTAL REVENUES	<u>\$ 58,000</u>	<u>\$ 58,922</u>	<u>\$ 922</u>

See the accompanying notes.

DECKERVILLE PUBLIC LIBRARY

Schedule of Expenditures Year Ended March 31, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Salaries & Employee Benefits:			
Salaries & Benefits	<u>\$ 29,600</u>	<u>\$ 29,380</u>	<u>\$ 220</u>
Total Salaries & Employee Benefits	<u>29,600</u>	<u>29,380</u>	<u>220</u>
Library Materials:			
Books, Magazines & videos	<u>13,750</u>	<u>14,314</u>	<u>(564)</u>
Total Library Materials	<u>13,750</u>	<u>14,314</u>	<u>(564)</u>
Operational:			
Public relations	325	393	(68)
Treasurer	-	-	-
Communications and technology	1,000	-	1,000
Seminars & transportation	450	830	(380)
Utilities	4,900	5,347	(447)
Repairs & maintenance	1,340	1,150	190
Office supplies & postage	360	233	127
Dues	2,230	2,045	185
Other operating expenses	<u>4,045</u>	<u>3,549</u>	<u>496</u>
Total Operational	<u>14,650</u>	<u>13,547</u>	<u>1,103</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 58,000</u>	<u>\$ 57,241</u>	<u>\$ 759</u>

See the accompanying notes.